AUSTRALIA IN THE SIXTH YEAR OF WAR

By H. SAUER

Down under, just across the equator from us, lies a continent deeply involved in the present war from which very little news reaches us as it is also on the other side of the front line. The following article is based mainly on a study of radio reports emanating from Melbourne.

AT the outbreak of the European war in 1939, Australian troops were dispatched to man battle stations in distant lands. Later they took part in active fighting against the Italians on the Mediterranean fronts. At that time, Australia felt far removed from the din of battle and considered herself immune. But the outbreak of the Pacific war and the subsequent Japanese victories, particularly the surrender of the Australian forces in Singapore, shook her out of her false feeling of security. It even seemed as if an invasion were imminent and would have to be met by the country's own efforts and exertions. As a result, the Australian troops in the Middle East were recalled early in 1942 to the Pacific arena.

As the tempo of the war in the Pacific was stepped up, the demands made on Australia multiplied. Churchill, anxious to prove that the British Empire was doing its part in the war against Japan, placed the main burden of increased British activity in the Pacific upon the shoulders of Australia. To illustrate the Australian war effort, Minister for the Army Francis B. Forde stated last November that, out of a total population of about 7 million, 900,000 men were mobilized for the armed forces and 800,000 women for production and militia services. In the early stages of the Pacific war, it was the Australians who took upon themselves the task of fighting the Japanese in New Guinea, after the Americans and British had been defeated in the Philippines and Burma. To this day, large Australian forces are engaged in military operations in New Guinea, the Bismarck Archipelago, and the Solomons. According to a statement made by Churchill in the House of Commons (16.1.45), Australian casualties on all fronts have amounted to 85,000 as compared with 635,000 for the United Kingdom. Indeed, Foreign Minister Dr. Evatt claimed a few months ago that not many countries in the world have, in proportion, surpassed Australia's human and material sacrifices in the prosecution of the war.

With the arrival of large American forces in the southwest Pacific theater, one might have thought that the strain on Australia would be relieved; but, owing to the intensification of military operations against Japan, Australia's contribution to the Allied effort continued to be on the increase. According to Army Minister Forde, Australian troops are to be sent into action on the Philippine battle front, where Australian naval and aerial units are already operating.

HEAT AND WHEAT

It is, however, no longer the purely military aspect of Australia's contribution to the war which stands in the limelight of Australian interest. Obviously, the extensive manpower resources of the United States will be called upon to carry on the main fighting ahead. Australia's chief duty now is that of providing supplies. Today the Commonwealth is more concerned with the production of supplies for Allied use in the Pacific than with direct participation in the battles. Above all, she is expected to turn out foodstuffs: for the American and the Australian troops in the Pacific, for the Allied forces in many parts of the world, and for the British civilian population. It has been estimated that 12 million people, or almost twice her own population, have to be fed by Australia.

While trying to comply with this task, the country was dealt a heavy blow in the form of a severe drought in the states of New South Wales, South Australia, West Australia, and Victoria. Estimates published last November for the wheat harvest of 1944/45 show a decline of about 65 per cent as compared to the average harvests of the past ten years, which makes the present harvest the lowest in 25 years.

Australian Wheat Production

	Estimates 1944/45	Averages 1934 - 1943
	bushels	bushels
New South Wales	18,000,000	65,000,000
West Australia	13,000,000	6,000,000
Queensland	7,000,000	4,000,000
South Australia	7,000,000	30,000,000
Victoria	5,000,000	37,000,000
Total	50,000,000	142,000,000

Later estimates put the total Australian wheat output for 1944/45 at no more than 46 million

or even 43 million bushels.

The low wheat production has entailed a heavy setback to Australia's war effort and has affected Australia's economy in general. It has, for instance, made it necessary to use ships for transporting more than one million tons of wheat and other foodstuffs from West Australia and South Australia—the only two states with food reserves—to other states. This is the first time in history that Australia has found it necessary to ship grain from one state to another because of the lack of reserves.

After five years of war, Australia's resources are nearing exhaustion. The Australian Supply and Shipping Minister John Beasley recently warned the people of Australia: "No help can be expected from the Allies, as already they are suffering from disabilities despite the fact that they control the major portion of the world's total shipping tonnage. Military operations in Europe, mounting operations in the Pacific and the need of providing relief in countries now under Allied occupation, require more shipping than the Allies possess." He cited an example to give an idea of the heavy demands on Allied shipping: "General MacArthur's operations in the Philippines have required more than 1,500,000 tons of supplies and ammunition, with 332,000 tons for the first month of fighting involving the use of 1,200 ships." He added that "the wheat shortage will be so acute that the country will be fortunate enough if it can pull through the situation without serious repercussions."

As a result of the drought in Australia, her sister dominion New Zealand can no longer rely on Australia for wheat shipments to supplement her own output; hence New Zealand has been forced to offer a production bonus to her own wheat growers for grain sown in 1945 in order to step up home production. Other effects of the drought: beef production in the Commonwealth has dropped; butter production will not reach the normal output for years to come; eggs were added to the list of rationed foodstuffs, which already included butter, sugar, and tea. The Government was forced to curtail the amount of wheat going into the feeding of livestock, normally several million bushels a year. It instructed the Australian Wheat Board to introduce a quota scheme under which the maximum quota for wheat to be made available for livestock from January 15 to March 1, 1945, was to be one sixth of the total quantity sold by the Board in the nine months' period from January 1 to September 30, 1944. The Wheat Board has furthermore been instructed to allow flour millers to buy only enough wheat to run their mills on two shifts a day instead of three.

The drought has also ruined oat and barley crops in various parts of the Commonwealth. Strict rationing of fodder stocks has been introduced, and to supplement them the Government has arranged for the importation of barley, oats, and maize, to be sold to the farmers on a concession-price basis.

There has been a sharp drop in the number of sheep. In 1942 there were 125 million sheep in Australia, and in 1944 the number was still 123 million. But more than 30 million sheep and lambs were slaughtered in 1944 for civilian and military use, and the Australian Government made it known that, unless rains relieved the drought in western New South Wales, the number of sheep may drop below 120 million.

Incidentally, the shortage of wheat even affected the fuel problem. The alcohol industry cannot obtain the same quantities of wheat as it has been using. To conserve fuel supplies, Australian motorists have been rationed to enough gasoline to allow them only eighty miles of driving each month.

FLEET BASE

The dispatch of a British fleet to the Pacific was decided at the Quebec Conference in 1944 between President Roosevelt and Prime Minister Churchill. In December 1944, a British fleet sailed under the command of Admiral Sir Bruce Frazer, with orders to make Australia its base. This has placed an additional strain on Australia, not only in the form of food and finance, but also of labor. Although the exact strength of the fleet has not been announced, it has been revealed that the 35,000-ton battleship *Howe* is its flagship. An idea of the fleet's size may be gained from a glance at the approximate cost of its immediate major requirements in terms of pound sterling as recently mentioned by the Australian radio:

Food	£10,635,000
Work projects	3,843,000
Ship maintenance, repairs, refitting, docking, etc.	2,000,000
Direct employment of Australian civilians in supply establishments	1,000,000
Vehicles and automotive equipment	870,000
Naval stores	771,000
Small marine craft	284,000

The value of other supplies and services, including aircraft assembly, maintenance and repairs, medical goods, clothing, canteen goods, machine tools, communication equipment, etc., will bring the total amount to be borne by Australia to £21,156,000. These estimates do not include fuel and ammunition; nor services to be rendered by Australian military, naval, and air establishments or by civilian utilities such as railroads; nor the construction of barracks and hospitals. The outlays the Australian Government has to make to meet the requirements of the fleet's personnel are calculated on the following basis: twenty tons plus an additional ten tons of stores every week for every 1,000 men afloat. In view of Australia's manpower shortage, a large number of dock workers had to be brought from Britain to rush construction work for the fleet.

Australia's most acute problem is her shortage of labor. A heavy drain on her manpower is represented by her shipbuilding program. Thousands of landing craft are being needed for amphibian operations in the Pacific; and, as it is obviously easier to build small ships in Australia than to transport them across the Pacific from America, the Australian yards are busy producing such craft. They are also handling substantial orders for small ships from British authorities. Government orders include a number of 550- and 2,500-gr.reg.ton ships for the coastal trade. Future plans call for the building of 4,000-, 6,000-, and 9,000-ton vessels. The available Australian yards are, however, limited in size and number, so that the construction yards for these ships are still in the drawing-board stage. A further limiting factor in merchant shipbuilding in Australia is the demand for docking and repair and heavy maintenance on the part of naval and merchant vessels in war service. At present the Australian dockyards are handling repairs of about 1,250,000 tons of Allied shipping annually.

POLITICS

The tension in the economic sphere has given rise to strikes and labor disputes, although Australia is one of the most socialist-minded of the Allied nations and certainly the most socialist member of the British Empire. The recent coal strikes cropped up owing to disagreement over the length of the Christmas and New Year holidays. The miners insisted on a 16-day rest, whereas the Government held that 10 days were sufficient. Other questions were no doubt entangled in this problem. With the arrival of the British Pacific fleet and the ensuing dire need for additional coal supplies, Labor backed down and agreed to the 10-day rest, providing the Government investigate the problems of the coal industry.

At present the Australian Government, headed by Prime Minister John Curtin—who only recently returned to office after a lengthy period of illness—is in the hands of the Labor Party. The opposition consists of the Liberal Party, the result of a recent merger of various parties including the former United Australia Party, and headed by the leader of the opposition, ex-Premier Robert Menzies; and the Country Party. Under Labor influence, the Government is trying to gain more control over economics. Plans are being discussed to nationalize all transport in the nation, including land, sea, and air services. The Government is also interested in exerting more influence on banking. It has already succeeded in enforcing measures to make banking institutions able to operate only with a Governor General's license, which can be withdrawn upon the recommendation of a High Court judge. Various other banking activities on the part of private financial institutions may be carried out only in accordance with the policy of the Commonwealth Bank, Australia's state-owned central banking institution. Among the many other problems that still have to be tackled by the Government are housing, irrigation, counteracting of soil erosion, and the standardization of railway gauges.

FOREIGN AFFAIRS

Australia's foreign policy is being steered along a central path, the tendency being neither to sway too much toward America nor to lean too heavily on Britain. One lesson Australia has learned from this war is that she was mistaken in pursuing a sort of Australian isolationism. The nation had barred many doors to the outer world; today she is beginning to open these gateways. She is aware that the strength of Britain alone is not sufficient to guarantee her interests. At the same time, the Governments in Canberra as well as in London are viewing with uneasiness the growing interest in everything American among the population of Australia. It is quite possible that the appointment of the Duke of Gloucester, brother to the King of England, as the new representative of the Crown in Australia, has something to do with British attempts, known for some time, to regain some of the influence lost to the Americans as a result of the latters' achievements in protecting Australia against invasion.

Proof that Australia desires to achieve a fuller measure of independence is to be found in the suggestions made in regard to conscription after the war. Voices have also been heard urging the nation to build and maintain a powerful Australian navy and air arm for the postwar period.

POSTWAR PLANS

By far the most important postwar plan under consideration by the Government is that of increasing the population, both by a higher birth rate and by immigration. Australia hopes in this way to enhance her security and elevate her position in the world. There have been discussions of late to swell the population from 7 millions to 20 millions within the next twenty years. These plans call for the immigration of certain groups of foreigners, especially of children from England and other people from North European countries. 51,000 children are to be brought to Australia in the first three years after the war.

In regard to plans for larger families, it is hoped that Australian women will turn away from the popular American ideas of family life. Australian women have been under the influence of romantic reading matter and Hollywood fashions and seem to care more for their figures than for the rearing of a new generation for their country.

Increased industrialization takes second place in postwar schemes. Extensive plans have

been drawn up to establish an automobile industry and to expand the existing aircraft industry. Aluminum production is to be undertaken, and plans to install synthetic-rubber plants have been reviewed. Small arms and weapons are already being supplied for the Australian armed services, while other industries as well are scheduled to be established in the country in order to bring about industrial self-sufficiency as far as this is possible.

Third place in postwar plans is taken by designs on territorial expansion. Being a large, underpopulated continent herself, Australia is less interested in actual acquisitions than in extending her sphere of influence. Although no concrete plans have been published yet, there has been talk of increasing Australia's influence in the islands to the north of the continent.

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To sum up: in addition to being confronted with difficult war-time problems, Australia is up against natural disasters for the overcoming of which improvised methods are hardly effective. The increasing demands thrust upon her as upon other parts of the Empire by Britain are scarcely proportionate to her capacity, particularly after this capacity has been affected by such unforeseen developments as the drought. Indeed, the difficulties are so great and so numerous that readjustment of industry, utilization of every source of manpower, reduced rationing on the home front, and increased burdens on the population, cannot adequately cope with the needs facing Australia in the sixth year of the war.

BRETTON WOODS

By F. BRETSCHNEIDER

An analysis of one of the most important inter-Allied conferences, based largely on material which has reached us from Europe. The author is in the banking business and lives in Shanghai.

ON July 1, 1944, before the representatives of some forty-five of the "United and Associated Nations," President Roosevelt opened the "International Monetary and Finance Conference" at Bretton Woods, New Hampshire. The conference had been preceded by such a barrage of propaganda that the Allied camp and even neutral quarters expected it really to solve all important problems in international financial and currency relations for a long time to come.

Meanwhile many months have passed. The great hopes placed upon the conference have been forgotten. There is talk again of the threat of inflation or of actual inflation in this or that country, of the complete stagnation of trade in many, especially the "liberated" countries; and one almost overlooks that short press notice reporting that on February 4, 1945, the American Bankers' Association rejected in its entirety one of the chief proposals of the Bretton Woods Conference—the establishment of an international monetary fund.

INTERNATIONAL CONFERENCE?

Who, then, were the participants in this conference of experts, if the leading American banks now repudiate one of the main points decided upon by it? What was the meaning and object of the conference? And what did it achieve?

The whole idea of the conference was probably born in the United States, and the date set for its meeting—right after the beginning of the invasion in Europe and a few months before the presidential elections—as well as the publicity given it in the Allied camp fitted perfectly into the American propaganda trend: the war has been won and is about to be ended; now it is up to us to prepare for peace, to organize the currencies and finances of the world for peace-time demands and, wherever necessary, to put them on a sound basis. Experts to the fore! Eliminate politics, think only of currency and financial questions, develop your plans, agree on some common basis—since you are all experts in the same field, this should be an easy matter for you—and then submit your decisions to your governments so that the latter may act upon them for the benefit of mankind!

Thus spake Roosevelt, and more than three hundred delegates came from all four corners of the world. Of course, the representatives of the Axis countries were absent. But then they had not been summoned. And the neutrals? Believe it or not: they had not been invited either! So, after all, it was not an international conference, as had so loudly been proclaimed, but one in which only the anti-Axis countries were allowed to participate. From these latter, however, everyone had come who could lay claim to being considered an expert in monetary matters: 16 Ministers of Finance, swarms of financial advisers, heads of issuing and other banks, and world-renowned financial authorities.

The largest delegation was, of course, that of the United States, headed by Secretary of the Treasury Henry Morgenthau Jr.; but even Chungking appeared with 33 delegates, among